

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Further Inquiry Into Four Issues In the)	WC Docket No. 11-42
Universal Service Lifeline/Link Up Reform)	CC Docket No. 96-45
And Modernization Proceeding)	WC Docket No. 03-109
)	
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COMMENTS OF EMERIOS

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SUMMARY

Emerios, a division of VMBC Corporation (“Emerios”), submits these comments in response to the FCC’s Further Inquiry, which seeks additional comment on various issues concerning reform of the Lifeline and Link Up programs (“Lifeline/Link Up”). In these comments, Emerios discusses how the industry-led proposal of the Professionals for Lifeline and Link-Up Reform (“PLLR”) for the Eligibility and Duplicate Management Platform (“EDMP”) (the “PLLR Proposal,” copy attached) can (1) facilitate compliance with a “one-per-household” or “one-per-residence” limitation; (2) reduce the burdens on eligible telecommunications carriers (“ETCs”) in the process of qualifying eligible consumers; (3) increase the speed and accuracy by which eligible consumers receive benefits; and (4) eliminate waste, fraud and abuse in the system. The PLLR Proposal recommends the adoption and creation of the EDMP in two phases. Phase I, which could be instituted in a matter of months, outlines the creation of the Duplicate Elimination and Preference Management System (“DEPM”).

The DEPM would provide an automated process for implementing the Commission’s rules on duplicate elimination. The system is dynamic and can be adapted to whatever rules are ultimately adopted by the FCC. Implementation of the DEPM would entail the creation of an enrollee database that uses a Coding Accuracy Support System (“CASS”) to verify address data against the United States Postal Service (“USPS”) Address Matching System (“AMS”) in real-time. In addition, an alternative database – the Alternative Unique Identifier (“AUI”) enrollee database – would be created to identify and prevent duplicate benefits in situations in which the CASS address does not exist or is not adequate to identify a housing unit eligible for Lifeline/Link Up benefits. Date of birth and the last four digits of the applicant’s Social Security Number (“DOB/SSN”) would also be collected to establish the identity and

status of the customer, thereby preventing fraud and enabling cost effective state self-certification processes to continue.

With the creation of the CASS and AUI enrollee databases, the process for resolving duplicates across all ETCs would become straightforward and would be largely automated. Those rare situations that cannot be defined by a rule would be handled on an exception basis. If the DEPM is implemented as proposed, all ETCs would be able to employ effective applicant qualification procedures in an efficient manner.

Emerios also explains how deployment of the DEPM would streamline and automate the process by which ETCs are reimbursed for providing Lifeline/Link Up services to their customers. Implementing the DEPM would improve the accuracy and efficiency of the ETC reimbursement process, and decrease the potential for fraud. Requiring ETCs to use the DEPM to obtain reimbursement would eliminate the need for ETCs to file Form 497 in its current form and create incentives for ETCs to use the platform. USAC would have access to and could compute payments on the basis of actual support figures, thus eliminating the true-up process and the use of estimates as well as mid-month conventions.

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COMMENTS OF EMERIOS

I. INTRODUCTION

Emerios, a division of VMBC Corporation (“Emerios”), by its attorneys, hereby submits these comments in response to the Further Inquiry issued by the Federal Communications Commission (“FCC” or “Commission”) in the proceeding captioned above.¹ In the Further Notice, the FCC seeks additional comment on various issues that are relevant to the Commission’s proposal to comprehensively reform and modernize the universal service Lifeline and Link Up programs (“Lifeline/Link Up”) in light of recent technological, market, and regulatory changes.²

Emerios is a third-party provider of eligibility and verification functions to eligible telecommunications carriers (“ETCs”) participating in Lifeline/Link Up. In addition,

¹ “*Further Inquiry Into Four Issues in the Universal Service Lifeline/Link Up Reform and Modernization Proceeding*,” Public Notice, DA 11-1346, rel. Aug. 5, 2011 (“Further Inquiry”). Emerios has previously submitted comments and reply comments in this proceeding in support of the Commission’s efforts to make the system for processing Lifeline/Link Up applications more efficient and effective by establishing a national database. *See* Comments of Emerios, WC Docket No. 11-42, *et al.*, Apr. 21, 2011; Reply Comments of Emerios, WC Docket No. 11-42, *et al.*, May 10, 2011.

² Further Inquiry at 1.

Emerios is a member of the Professionals for Lifeline and Link-Up Reform (“PLLR”).³

Following the workshop held by FCC staff in June on the development of a national database for Lifeline/Link Up, the PLLR collaborated on a proposal – the Eligibility and Duplicate Management Platform (“EDMP”) -- to facilitate the adoption and implementation of the database by addressing key issues and providing greater specification.⁴

In these comments, Emerios discusses how the EDMP can facilitate compliance with a “one-per-household” or “one-per-residence” limitation. Emerios also explains how the database solution proposed by the PLLR can make the process of reimbursing ETCs more efficient and accurate. As shown herein, the EDMP would help ensure that universal service funds are used efficiently and in compliance with Commission requirements, and would enable the Universal Service Administrative Company (“USAC”) to more effectively detect and avoid waste, fraud and abuse in disbursing funding.

II. OVERVIEW OF THE ELIGIBILITY AND DUPLICATE MANAGEMENT PLATFORM (EDMP)

As discussed in the PLLR Proposal,⁵ the Commission can maximize its chances of success in implementing its proposed database by adopting a phased approach to integrating functionalities. In the first phase of the solution, a neutral third-party administrator (the “Administrator”) would develop and implement, as part of the EDMP, a Duplicate Elimination

³ The PLLR consists of CGM, LLC; CompTel; DPI Teleconnect; Emerios, a division of VMBC Corporation; Global Connections, Inc.; Image Access, Inc.; i-wireless, LLC; Midwestern Telecom, Inc.; Stand Up Wireless, LLC; TAG Mobile, LLC; Telrite, d/b/a/ Life Wireless; Terracom, Inc.; TracFone Wireless, Inc. (“TracFone”); West Corporation; and YourTel America.

⁴ See Letter from Joan M. Griffin, Kelley Drye, to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 11-41, 03-109, CC Docket No. 96-45, Aug 3, 2011, FCC National Database Industry Collaboration and Proposal (“PLLR Proposal”). A copy of the PLLR Proposal is provided in Attachment 1.

⁵ PLLR Proposal at 3-4.

and Preference Management System (“DEPM” or “Phase I”). Phase I would have the following components:

- *Enrollee database*: a nationwide, centrally-administered database of active Lifeline/Link Up enrollees, which would be kept updated through real-time/near real-time and/or batch processes.
- *Rules engine*: a dynamic workflow and rules engine that --
 - Integrates in real-time with the enrollee database;
 - Enables the initial elimination and continuous prevention of duplicate beneficiaries;
 - Enables a determination of household and right-party information to mitigate fraud for potential enrollments which rely on self-certification;
 - Enables special rules concerning tribal lands, rural Alaska, group homes, shelters, and similar exceptional circumstances to be implemented as determined by the Commission;
 - Can be easily modified to reflect changes in the rules as implemented;
 - Simplifies and verifies the ETC reimbursement process; and
 - Can be easily audited by pre-approved and appropriate entities.
- *API/web interface*: a real-time application programming interface and/or web interface (“API/web interface”) that ETCs can use to transmit customer information to receive real-time or near real-time and batch response message codes for address confirmation, single benefit and right party determination. The API/web interface should --
 - Be secure, configurable and centralized;
 - Be designed to respond rapidly with codes and descriptions of the rejection;
 - Maximize the ability of ETCs to understand any rejection, so that they can identify the issue and resolve the problem while they are on the phone with the customer or while the customer is interacting with the ETC through a web interface;
 - Allow connection to the DEPM in real-time; and
 - Enable the ETCs and states to easily transmit data utilizing their legacy systems with minimal changes.
- *Customer preference module*: a carrier-neutral, multi-channel, customer preference management system – the Customer Preference Management Module (“CPMM”) -- that enables the ETCs (or state Lifeline/Link Up administrators) to capture and convey the carrier preference of an enrollee in real-time and retain proof of the enrollee’s selection.

Phase I would identify and resolve all existing duplicates and prevent any new duplicates from being created. Existing duplicates would be eliminated by (1) requiring all ETCs to provide their customer data in electronic format by a set due date to the Administrator; (2) utilizing a proven methodology for identifying all duplicates based on the rules established by the FCC; (3) establishing a reach-out process to those persons identified as receiving duplicate benefits; and (4) providing a process by which a consumer may choose his or her carrier. The ETCs would use the DEPM prior to enrolling a new customer to identify and verify through an ongoing carrier-neutral pre-qualification process whether a household or individual is already receiving a Lifeline/Link Up benefit.

The second phase (“Phase II”) would be the implementation of a technological solution to enable the full qualification of a consumer as well as automated annual verifications. This phase would be enabled by the creation and real-time integration of one or more eligibility data warehouses into the DEPM. Conceptually, these data warehouses could be state databases or federal national databases such as the Supplemental Nutrition Assistance Program (“SNAP”). A current example of states providing access to such information through a data warehouse would be the program eligibility data warehouses currently available to ETCs in Florida and Wisconsin.

Phase II would retain all of the duplicate prevention capabilities of Phase I and would build on the structure and systems developed in Phase I, thus dramatically reducing the cost and effort required to expand the functionality of the DEPM. Through the addition of a multi-tenant database administration interface, Phase II would allow state or federal eligibility data warehouses to integrate with the DEPM in real-time, thereby providing immediate, automated access to the eligibility status of program beneficiaries. The development of Phase II

would greatly benefit all stakeholders by creating a system that would enable ETCs to determine an applicant's eligibility status without requiring the applicant to divulge personal information.

Phase II would reduce the cost of program administration by automating a highly manual process, and eliminate waste, fraud and abuse by ensuring consumer eligibility for benefits.

The PLLR Proposal is primarily focused on the requirements for the Phase I solution. Importantly, the DEPM as described above is already in service and is connected in real-time to a number of state eligibility data warehouses that are currently available.

III. ALL ETCs CAN EFFECTIVELY AND EFFICIENTLY IMPLEMENT A ONE-PER-HOUSEHOLD LIMITATION ON BENEFITS THROUGH USE OF THE EDMP.

In the Further Notice, the Commission seeks comment on the processes and procedures employed by TracFone Wireless, Inc. ("TracFone") for implementing a one-per-household limitation.⁶ Key elements of TracFone's processes include the following.

- *Comparison of USPS addresses.* TracFone relies on and accepts from applicants addresses only in United States Postal Service ("USPS") standard format. These addresses are compared against TracFone's entire customer data base to determine whether the address of a new applicant matches that of an already-enrolled Lifeline/Link Up customer.
- *DOB/SSN.* New applicants are also required to provide date of birth and the last four digits of their Social Security Numbers ("DOB/SSN"). To prevent enrollment of customers not qualified for Lifeline/Link Up support, TracFone uses a third-party fraud prevention service to confirm the applicant's identity and eligibility.
- *Multiple individuals, same address.* TracFone employs special procedures for situations in which multiple applicants claim the same USPS address but in fact reside in separate households.

⁶ Further Notice at 5, *citing* Letter from Mitchell F. Brecher, Greenberg Traurig, to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 03-109, 11-42, CC Docket No. 96-45, filed June 1, 2011 ("TracFone *Ex Parte* Letter").

- Qualifying homeless shelters register with TracFone so that TracFone is aware of the number of rooms or beds available at the shelter.
- Unrelated persons living in physically undivided residences are advised that they are not eligible for Lifeline/Link Up support if another individual receives support at that address, unless they can explain and document that unrelated residents at that address are not members of the same household.
- Persons living in separated portions of a residential structure where the separations are not reflected in the USPS format are advised to contact the nearest U.S. Post Office so that the address can be properly registered as containing multiple residential units.
- *Moves.* Where the address of a new applicant matches that of an already-enrolled Lifeline/Link Up customer and the new applicant claims the address, TracFone contacts the existing customer to determine if the existing customer has moved. If the existing customer has moved, TracFone updates its address database with the new address and processes the new applicant's enrollment forms. If the existing customer does not respond after several attempts, TracFone de-enrolls the existing customer and processes the enrollment forms of the new applicant.⁷

The Commission asks whether it would be reasonable to require all ETCs to utilize similar procedures when signing up applicants to ensure compliance with a one-per-household or one-per-residential-address rule.⁸ The answer to the Commission's question is an unqualified "yes." The DEPM would provide an automated process for implementing the FCC's rules on duplicate elimination, regardless of the specific rules ultimately adopted by the Commission. If the DEPM is implemented as proposed, all ETCs would be able to employ effective applicant qualification procedures, such as those used by TracFone, in an efficient manner.

CASS enrollee database. The enrollee database that would be created as part of the DEPM to identify and prevent duplicate benefits would standardize all address data, to the

⁷ TracFone *Ex Parte* Letter at 1-3.

⁸ Further Notice at 5.

extent possible, to the USPS Address Standardization and Verification – Coding Accuracy Support System (“CASS”). CASS standardization of the applicant’s address is a key factor in achieving a high level of accuracy. During the application process, submitted address information would be checked against the USPS Address Matching System (“AMS”) in real-time. If a match is found, the application would advance in the process. If a match cannot be found, the applicant could re-enter his or her address to correct spelling or other items, and/or call a customer representative for assistance.

DOB/SSN. In addition to address information, current subscribers and new applicants would also be required to supply DOB/SSN information. DOB/SSN information is necessary to establish the identity and status of the customer, and to prevent minors from applying for the service. As such, it is crucial to fraud prevention and enables cost effective state self-certification processes to continue. The DEPM would use the services of a reputable third-party vendor such as Lexis Nexis to confirm that the DOB/SSN information provided by the applicant and the customer name match.⁹

⁹ Emerios strongly recommends that the FCC retain the self-certification process, coupled with fraud prevention measures as described herein. Full certification is burdensome for low income consumers, who must find the necessary documents, locate a copy machine, make copies, and mail the documents to the ETC. The costs associated with full certification are high for ETCs and state agencies as well. Full documentation requirements dramatically increase administrative costs for ETCs and state agencies, and reach-out costs for the carriers. Furthermore, the full certification process creates a much larger risk of identity theft, since it requires physical documents containing sensitive personal information to be handled repeatedly.

At the same time, full certification does not necessarily provide better assurance of fraud prevention than self-certification with third-party validation. Self-certification with the fraud prevention measures proposed here validates the person applying, thus preventing any person from applying with a falsified identity at a valid address. In contrast, applicants can use the same copy capabilities as needed for full certification to create a fraudulent full certification under a false name. In light of these facts, self-certification

AUI enrollee database. In addition to the CASS enrollee database, an alternative database – the Alternative Unique Identifier (“AUI”) enrollee database – would be created as part of the DEPM. This database would complement and in some cases replace CASS validations. The AUI enrollee database would be used to identify and prevent duplicate benefits in situations in which the CASS address does not exist or is not adequate to identify a housing unit that is eligible for Lifeline/Link Up benefits under the FCC’s rules. For example, the AUI enrollee database could be used with housing units on tribal lands or in rural areas where USPS addresses do not exist, or in situations where multiple individuals not part of the same household reside at the same address and are separately eligible for benefits (*e.g.*, individuals living in homeless shelters or other group living facilities, unrelated renters in individual rooms in a house, or separate families occupying separate portions of the same residential building).

In these cases, appropriate documentation that establishes the housing units that are eligible for benefits would be fed manually into the AUI enrollee database the first time a potential subscriber at that address applies for benefits – for example, the first time a customer tries to sign up with a residential address that is not divided into units under CASS but is physically divided into multiple apartments that are each eligible for supported service. This documentation could be a certification, provided by the customer or a relevant housing authority, that the particular USPS address is divided into individual housing units. Homeless shelters could register contact information and a bed count with the Administrator so that shelter residents can be confirmed as eligible for benefits. Upon acceptance of appropriate documentation, an indicator establishing that the address is divided into units that are separately

with third-party validation can best prevent fraud and abuse without unduly burdening ETCs, state agencies, or consumers.

eligible for benefits would be created and stored in the AUI enrollee database. In effect, a unique identifier would be created for each housing unit that is eligible for supported service. The first time a potential customer in a different unit at that address applies for benefits, the application will be rejected by the CASS enrollee database as a duplicate benefit. However, the application will be accepted as a new benefit by the AUI enrollee database, because it will be recognized by that database as a unique housing unit that is eligible for enrollment. The process for identifying housing units on tribal lands or in rural areas where USPS addresses do not exist would work in a similar fashion. In these cases, information on deliverable addresses or boxes, as provided by a state agency or tribal authority, could be used to establish and document unique housing units.

Loading information into the enrollee databases. Information on current subscribers and new applicants would be loaded into the enrollee databases by the ETCs. This would not be a burdensome process for ETCs under the PLLR Proposal. The DEPM would operate in real-time and batch modes. Furthermore, the API/web interface would integrate into the ETCs' existing workflows, as it would enable the ETCs to transmit data using their legacy systems with minimal changes to their existing protocols and methodologies. The Administrator would work with the ETCs on the process of address matching and address verification against the most current USPS postal address data, and on identifying and adding unique addresses to the AUI enrollee database. The Administrator would analyze subscriber address lists provided by the ETCs, recommend modifications to addresses (to ensure compliance with the CASS standard), and advise the ETCs when bad data (*e.g.*, incomplete addresses, subscriber names, or subscriber information) is submitted.

Duplicate resolution process. With the creation of the CASS and AUI enrollee databases, the process for resolving duplicates across all ETCs becomes straightforward and, most important, is largely automated. Because the DEPM is dynamic, it can be adapted to whatever benefit qualification rules are ultimately adopted by the FCC. Prior to any customer being approved for enrollment, the applicant's address would be compared against the enrollee databases to determine whether the address of a new applicant matches that of an already-enrolled Lifeline/Link Up customer. This comparison would occur in real-time, thus providing immediate feedback to the applicant and giving the ETC's customer service representative an opportunity to resolve any issues.

Those rare situations that cannot be defined by a rule can be handled by the Administrator on an exception (manual) basis. For example, situations in which a beneficiary has moved without changing his or her address and the new resident of the housing unit applies for Lifeline/Link Up benefits could be handled in a manner similar to the method employed by TracFone. In these cases, the new resident would be asked to submit proof of residence, and the Administrator would contact the existing customer to determine if the customer has moved. If the existing customer has moved, the Administrator would confirm the availability of the customer's new address for benefits, update the enrollee databases with the customer's new address, and process the new applicant's enrollment forms. If the existing customer does not respond after several attempts, the Administrator would update the enrollee databases to release the address, and notify the ETCs to de-enroll the existing customer and enroll the new applicant.

The duplicate resolution process under the DEPM is discussed in detail in the PLLR Proposal.¹⁰ Key points of note are as follows. Under the DEPM, the responsibility for

¹⁰ PLLR Proposal at 6-11.

addressing and resolving the problems of duplicate benefits or service preferences would rest with the Administrator and not with the ETCs. Since the DEPM's workflow and rules engine would be "tuned" to the applicable FCC and state rules and could be easily modified in response to changes in those rules, the Administrator would always determine and resolve duplicates on the basis of current requirements. Beneficiaries receiving duplicate benefits would be contacted on multiple occasions through multiple channels by the Administrator to resolve the duplication, and would be given multiple opportunities and options for response. The Administrator would identify a tentative "default ETC" or "default service" for a subscriber from among the two (or more) carriers or services to which that individual is currently subscribed, so the subscriber would always receive supported service. In sum, the duplicate resolution process as envisioned under the DEPM would minimize burdens and maximize benefits for ETCs, the FCC, and beneficiaries alike. Implementation of the DEPM as proposed would be an effective and efficient way to eliminate duplicate benefits and prevent such duplicates going forward.

IV. THE EDMP WOULD INCREASE THE ACCURACY AND EFFICIENCY OF THE ETC REIMBURSEMENT PROCESS, AND DECREASE THE POTENTIAL FOR FRAUDULENT REIMBURSEMENT.

In a similar fashion, deployment of the DEPM would streamline and automate the process by which ETCs are reimbursed for providing Lifeline/Link Up services to their customers. More importantly, implementing the DEPM would improve the accuracy and efficiency of the ETC reimbursement process, and decrease the potential for fraud.

At present, ETCs file FCC Form 497 with USAC on a periodic basis, specifying the serving area and number of subscribers in each tier for which they seek reimbursement. In filing Form 497, the ETCs make certifications regarding publicity for Lifeline/Link Up services, Lifeline/Link Up support pass-through, non-federal regulatory approvals, state regulation, and

the accuracy of the data submitted. Requiring ETCs to use the DEPM to obtain reimbursement would eliminate the need for ETCs to file Form 497 in its current form. As presently envisioned, the CASS and AUI enrollee databases would capture most of the information that ETCs report on Form 497. It would be a simple matter to add a field to the databases whereby the ETCs would specify the support level for each subscriber. ETCs would need to submit only the required certifications to USAC each month or quarter. As such, the DEPM greatly reduces the administrative burden associated with reimbursement for the ETCs. Requiring ETCs to use the DEPM to obtain reimbursement would have the added benefit of incentivizing ETCs to use the platform. If the only way ETCs can get reimbursed for providing Lifeline/Link Up services is by signing up customers through the DEPM, use of the platform will be high and duplicate benefits will be minimized.


Under the current system, USAC reimburses ETCs each month using projections that are based on the ETC's historical support claims for the past twelve months. Once USAC receives an ETC's actual support claim on Form 497, it "true up" the projected amount against the actual support claim. Under the DEPM, USAC would have access to and could compute payments on the basis of actual support figures. This would eliminate the true-up process and the use of estimates, as well as mid-month conventions (*i.e.*, providing no reimbursement to an ETC that has provided supported service to a customer for less than half a month, and a month's reimbursement to an ETC that has provided service to a beneficiary for more than half a month).

V. CONCLUSION

For these reasons, the Commission should adopt and implement the PLLR's recommended two-phase solution to determine and verify Lifeline/Link Up eligibility and identify and resolve duplicate claims for support, thereby reducing waste, fraud and abuse in the Lifeline/Link Up program.

Respectfully submitted,

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